Shore Capital Group Limited

("Shore Capital", the "Group", or the "Company")

Preliminary Results for the Year Ended 31 December 2013

Shore Capital, the independent investment group specialising in equity capital markets, principal finance and alternative asset management, today announces its preliminary results for the year ended 31 December 2013.

Financial highlights

- Revenue up 9.0% to £35.8 million (2012: £32.8 million)
- Profit before tax up 113.8% to £5.4 million (2012: £2.5 million)
- Earnings per share up 72.0% to 14.1p (2012: 8.2p*)
- Adjusted earnings per share up 82.9% to 15.0p excluding costs relating to share options (2012: 8.2p*)
- Aggregate dividend per share for the year of 8.0p (2012: 5.0p*), of which final dividend per share of 4.0p (2012: 5.0p*)
- Balance sheet remains strong with liquidity of £43.1 million, plus a further £20 million working capital facility which was unused at the period end

***** adjusted to reflect the share reorganisation that took place in December 2013

Operational highlights

- Equity Capital Markets operations continued to perform well, increasing pre-tax profits by 19.4% to £6.0 million (2012: £5.1 million)
- Named by Thomson Reuters StarMine as Europe's third most productive broker for 2013
- Corporate Finance completed 30 transactions in 2013; starting 2014 with a very strong pipeline
- Puma Investments brand established, targeting private investors, receiving FCA authorisation in May 2013
- Puma VCT 9 closed achieving the largest fundraising of its kind in the 2012/13 tax year
- Increase of holding in German Telecoms business Spectrum Investments Limited to 59.26%

Commenting on the results, Howard Shore, Executive Chairman, said:

"Our business has continued to perform strongly, growing revenues and more than doubling profits. We have seen increased confidence returning to our markets as entrepreneurial management teams running businesses at all stages of development look to raise growth capital.

"Based on the strong trading across the Group and our pipeline, the Board looks to the future with confidence."

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About Shore Capital

Shore Capital is an AIM quoted independent investment group. Founded and owned by entrepreneurs, for nearly three decades Shore Capital has been helping entrepreneurial businesses reach their full potential, find committed long term investors and develop into significant enterprises. The business offers innovative corporate advice; a leading market-making business; some of the most respected investment research available in the UK; and a diverse range of high quality investment opportunities, including its hugely successful VCTs and principal finance activities. It is a business founded on four simple values – integrity, drive, competence and trust.

The Group is based in Guernsey, London, Liverpool, Edinburgh and Berlin. Shore Capital Stockbrokers Limited, Shore Capital and Corporate Limited, Shore Capital Limited and Puma Investment Management Limited are each authorised and regulated by the Financial Conduct Authority. Shore Capital Stockbrokers Limited is a member of the London Stock Exchange.

www.shorecap.gg

Chairman’s Statement

Introduction

It is pleasing to report a strong performance across the Group, with clients valuing Shore Capital’s blend of advisory capabilities, excellent execution and range of products and services which deliver high quality opportunities for investors.

Revenues for the period increased by 9.0% to £35.8 million (2012: £32.8 million), delivering increased profit before tax of £5.4 million (2012: £2.5million), up 113.8%. Earnings per share increased 72.0% to 14.1p (2012: 8.2p). Spectrum generated a lower loss per share of 0.7p (2012: loss of 2.4p) which includes the release of historic provisions for potential liabilities within DBD which are no longer required.

The Group’s Equity Capital Markets team delivered strong results, with profit before tax increasing 19.4% to £6.0 million (2012: £5.1 million).

Shore Capital continued to build on its position as the third largest market maker on the London Stock Exchange and is ideally positioned to continue benefiting from increased market activity as investors seek high quality equity opportunities.

Secondary commissions remained strong, demonstrating the continued strength of the broking team’s expertise and high quality research product.

The Research and Sales team featured prominently in 2013’s Thomson Extel Small to Mid-Cap survey, ranking in the top 10 with nine sectors voted in a top 10 position and five recorded in the top five by fund managers.

The Group has started 2014 with a very strong pipeline and the team has participated in a number of large fundraisings, including the IPO of Poundland plc; IPO of Circassia Pharmaceuticals plc and a secondary placing of £326 million on behalf of the largest shareholder in Playtech plc. It also acted for Premier Foods on its equity raise of £353 million through a placing and rights issue.

During the year, the Group consolidated its retail investment activities under the Puma Investments name, bringing its activities under one management and investment team to consolidate its leading market position with private investors. Puma Investments received FCA authorisation in May 2013. Puma Investments holds some of the Group’s most exciting investment opportunities, including the market-leading Puma VCT funds and with the newly launched Puma EIS and Puma Heritage plc (a business focussing on providing secured loans to SMEs and property finance). This division has an exciting future ahead of it.

In Principal Finance, the Group’s German telecoms asset, Spectrum Investments (“Spectrum”), offers an increasingly attractive solution to the growing bandwidth challenges faced by telecommunications operators in that market. During the year, the Group increased its net economic interest in Spectrum/DBD from just under 30% to 59.26%. The Company remains confident that this asset can lead to a profitable realisation.

Financial Review

Income and expenditure

Following the increase of the Group's economic interest in Spectrum to 59.26%, the financial information below presents the results for the Group as a whole, with additional analysis of the Group excluding Spectrum/DBD.

Revenue for the year increased by 9.0% to £35.77 million (2012: £32.82 million) whilst administrative expenses increased by only 1.3% to £30.36 million (2012: £29.97 million) leading to an operating profit of £5.40 million (2012: £2.85 million).

Interest income was £0.33 million (2012: £0.31 million), whilst finance costs were £0.32 million (2012: £0.64 million), providing net finance income of £0.01 million (2012: cost of £0.32 million).

Profit before tax of the Group increased by 113.8% to £5.41 million (2012: £2.53 million). This is net of a loss before tax from Spectrum/DBD of £0.24 million (2012: loss of £1.16 million). The result for the year includes a credit of £1.11 million (£0.66 million net of minority interests) in respect of historic provisions for potential liabilities of DBD which are no longer required.

The Group excluding Spectrum/DBD
Revenue for the year increased by 13.6% to £34.81 million (2012: £30.64 million).

Administrative expenses were up 9.6% at £29.17 million (2012: £26.63 million) generating an operating profit of £5.64 million (2012: £4.01 million).

Profit before tax increased by 53.0% to £5.65 million (2012: £3.69 million). The net margin before tax was 16.2% (2012: 12.0%).

Revenue from Equity Capital Markets ("ECM") increased by 13.9% to £25.80 million (2012: £22.65 million). Profit before tax from ECM was up 19.4% to £6.04 million (2012: £5.06 million), with a net margin of 23.4% (2012: 22.3%). Revenue from Asset Management was up 15.8% to £7.33 million (2012: £6.33 million) with a net margin of 27.3% (2012: 15.1%). Balance sheet holdings contributed a net gain of £0.65 million (2012: £0.86 million).

Basic Earnings per Share
The Group generated earnings per share of 15.0p (2012: 8.2.p*), excluding the effects of a charge relating to share options as a result of the increase in share price during the year. Including the charge relating to share options the earnings per share was 14.1p (2012:8.2p*).

Comprehensive Earnings per Share
On a Comprehensive basis, the Group generated earnings of 15.7p per share (2012: 8.2p*).

***** adjusted to reflect the share reorganisation that took place in December 2013

Liquidity

As at the balance sheet date, available liquidity was £43.1 million (2012: £31.8 million), comprising £41.4 million (2012: £30.4 million) of cash and £1.7 million (2012: £1.4 million) of gilts and bonds. In addition, the Group has a £20 million working capital facility which was unutilised at the period end.

This liquidity demonstrates the Group's continuing ability to undertake a range of transactions as opportunities arise in the near term.

Balance Sheet
The Group's balance sheet remains strong. Total equity at the period end was £69.0 million (2012: £66.4 million).

In addition to the £41.4 million of cash and £1.7 million of gilts and bonds (as referred to above), the Group held £4.2 million in its series of Puma Funds, £1.0 million net in quoted equities, £0.7 million net in the Lily Partnership and a further £1.3 million in other unquoted holdings. In addition, the licence held in Spectrum Investments was valued at £4.0 million (on a gross basis, before allowing for minority interests).

The remainder of the balance sheet was £14.7 million net, which included £15.2 million of net market debtors in the Company's stockbroking subsidiary, less various net accruals.

Net Asset Value per Share
Net asset value per share at the period end was 253.5p (2012: 247.4p*).

Dividend
The Board proposes a final dividend of 4.0p per share (2012 H2: 5.0p*). In addition to the interim dividend of 4.0p (2012 H1: nil), the total dividend for the year will be 8.0p (2012: 5.0p*).

The final dividend of 4.0p per share is expected to be paid on Thursday, 10 April 2014 to shareholders on the register as at Friday, 28 March 2014.

***** adjusted to reflect the share reorganisation that took place in December 2013

Operating Review
The following operating review reports on the Group's three main areas of focus, namely Equity Capital Markets, Alternative Asset Management and Principal Finance.

Equity Capital Markets ("ECM")

Overview
In ECM Shore Capital provides research in selected UK sectors; broking for institutional and professional clients; market-making in approximately 1,200 UK equities – with a strong presence on the AIM market – and corporate finance advisory services for mid and small-cap companies.

The division delivered another strong performance in 2013, achieving a profit before tax of £6.0 million (2012: £5.1 million).

It is pleasing to note that at a time when secondary commission rates remain under pressure the business's revenues in this area remained strong, demonstrating the continued strength of the broking team's expertise and high quality research product.

The Group's Corporate Finance business continues to grow rapidly, starting 2014 with a very strong pipeline and will continue to add senior, experienced individuals and teams where opportunities for incremental growth are identified.

Research and Sales
High quality analysis remains the core currency of Shore Capital's equity research capability. The ECM business has a highly experienced and effective research team which is increasingly well respected by fund managers and the leaders of those industries its analysts cover.

The team's thematic work resulted in the staging of a number of successful sector-focused events for investors, including on agri-food and UK shale energy. Furthermore, major (including many FTSE-100) companies continue to choose Shore Capital as a trusted partner for investor road shows to keep fund managers up-to-date with their performance and future direction.

Shore Capital was pleased to see notable ongoing recognition from fund manager surveys for the high quality of its research output. In 2013's Thomson Extel Small to Mid-Cap survey, Shore Capital featured in the top 10 for UK Small & Mid-Cap brokers with nine sectors voted in a top 10 position and five recorded in the top five by fund managers. The business also received the accolade of being named Europe's third most productive broker in 2013's StarMine Awards.

The Company's research is also widely and increasingly referenced in high quality financial journals, raising its brand profile and sustaining a positive reputation which is contributing to its growing corporate broking capability and excellent participation in the growing London listings market.

Market Making

The Group's Market Making team enjoyed a busy and successful 2013 with trading volumes and revenues approximately 20% ahead of 2012. The resurgence of interest in the small to mid-cap arena was a key theme for the year. Of particular note were changes to the ISA rules allowing AIM securities to be included in individuals' portfolios for the first time. Shore Capital continued to build on its position as the third largest market maker on the London Stock Exchange.

Corporate Finance

The overall level of corporate finance and corporate broking activity continued to accelerate during the course of 2013. Shore Capital's corporate finance team completed four admissions (comprising two IPOs, one reverse takeover and one transfer to AIM); completed sixteen fund raisings; advised on two takeovers; and a number of other advisory led transactions.

Notable transactions completed during the period include: a £35 million placing for Mar City plc to fund future land purchases and an acquisition of eight land plots for a total consideration of £30.8 million; a £9 million placing for Wynnstay Group plc; a £8.13 million placing for Judges Scientific plc; a £20 million placing for Telford Homes plc; advising Serviced Office Group plc on its acquisition of Avanta Managed Offices Limited for £15 million and associated placing of £12 million; and a £25 million placing for Randall & Quilter Investment Holdings Limited.

The Company's natural resources team worked through challenging sector sentiment, advising on a number of transactions, including Zoltav Resources Inc. on its US$26 million reverse takeover simultaneously raising US$20 million. Additionally, the team completed a £10 million placing for Fastnet Oil & Gas plc.

After the period end, we have participated in a number of large fundraisings, including the IPO of Poundland plc; IPO of Circassia Pharmaceuticals plc and a secondary placing amounting to £326 million on behalf of the largest shareholder in Playtech plc. We also acted for Premier Foods on its equity raise of £353 million through a placing and rights issue.

The ECM business continues to grow rapidly with a very strong pipeline.

Alternative Asset Management

Overview

The asset management division continues to explore innovative new products to build on its established institutional and retail fund platforms. Total funds under management as at 31 December 2013 were £0.88 billion, compared to £0.87 billion at 31 December 2012.

During the period, the Puma Investments brand was established, targeting private investors and building on our market-leading Puma VCT funds. Puma Investments launched two new innovative offerings: the Puma EIS seeking to deploy a similar asset-backed investment strategy to that of the Puma VCTs; and Puma Heritage plc, a business with a primary focus on secured lending and adopting a conservative underwriting approach. An investment in Puma Heritage is intended to benefit from 100% relief from Inheritance Tax after two years.

Institutional Asset Management

Puma Brandenburg Limited ("PBL")

PBL reported its year end results in November 2013, which valued its investment properties at €483.4 million. The residential valuation increase of €29.7 million more than offset the reduction in commercial valuation of €13.8 million, which was mainly attributable to the decline in the value of the Lidl portfolio resulting from the decline in the average lease length. Operating results remain strong and have been assisted by a number of rent increases implemented during the period.

The Hyatt Regency Hotel in Cologne continues to perform very well and has retained its position as the market leader among luxury hotel brands in the city. At another hotel held by PBL, the Ibis in Nuremberg, a new 20 year lease took effect at the start of the period after an extensive refurbishment jointly funded by PBL. The work was completed in July 2013 and has been extremely well received.

During the year the Group has assisted PBL with the refinancing of a number of its loan facilities. The bulk of the residential portfolio has been refinanced with two new lenders for a period of seven years to the end of April 2021; and in September 2013 the loan with Pfandbriefbank secured against the Lidl portfolio was extended until 31 January 2017. The terms of this agreement allow for funds from operating cashflows to be utilised for the renovation of certain Lidl stores. The Group also assisted PBL in concluding a Framework Agreement with Lidl in respect of these renovations. The agreement provides that for those stores receiving funding from PBL, the leases will be automatically extended for a period of 10 years, together with consequent rental increases.

The team will continue to assist PBL as it focusses on generating long term value through improving core assets with proactive asset management. At the same time the team is developing plans to utilise the platform to create new investments vehicles to invest in this asset class.

St Peter Port Capital ("SPPC")

St Peter Port Capital is a pre-IPO fund which also provides bridging finance ahead of trade sales and is an opportunistic investor in development capital situations. As set out in its latest interim report, as at 30 September 2013, it had investments in 39 companies and a NAV per share of 100.2p.

During the year, St Peter Port successfully realised its holding in Iona Energy, a Canadian listed oil and gas company operating in the North Sea, generating £1.19 million. It also realised several smaller holdings, including Eden Energy, Hayward Tyler and Tuscany International Drilling, generating a further £167,000.

SPPC made a number of new investments during the year, including a £500,000 investment in Nektan Limited, a software developer in the growing mobile and tablet gaming industry. In addition, it made two follow-on investments during the period totalling £678,000.

The St Peter Port portfolio of companies continues to develop well and a considerable number of investments in the portfolio are approaching maturity. SPPC reported that it is very encouraged by the progress made at companies in its portfolio, including Red Flat Nickel (which holds licences over two nickel laterite deposits); Mediatainment (the developer of a 3D TV platform); Global Atomic (which has discovered a high-grade uranium deposit in Niger); Seven Energy (a Nigerian oil and gas producer); Brazil Potash; and Astrakhan Oil. SPPC has recently reported that such investments offer the possibility of very large further gains if recent progress continues.

Puma Hotels plc ("PHP")
During the year PHP extended its £323 million senior debt facility with Irish Bank Resolution Corporation in Special Liquidation until 30 May 2014 with revised covenants reflecting the operating environment at the time. In 2013, PHP also sold a plot of unused land in Harrogate to the British Steel Pension Fund with a view to building a new Whitbread Premier Inn hotel on it. Under the terms of the transaction the Group has provided British Steel Pension Fund with a guarantee that the hotel's construction will be delivered, for which it will receive a fee commensurate with the development project's risk exposure.

As previously reported, since taking over PHP's operations, the existing team has been augmented through a number of senior appointments and been effective in mitigating the challenges that arise in taking over a business of this scale. The Group's current management contract is due to expire on 31 May 2014. Should the management contract not be extended, the net impact on the Group would not be material.

Retail Asset Management

During the year, the Group unified its retail investment activities under the Puma Investments name, bringing its activities under one management and investment team to consolidate its leading market position with private investors. Puma Investments received FCA authorisation in May 2013.

Puma Venture Capital Trusts ("VCTs")
The ongoing effects of the credit crisis mean that SMEs are still finding it difficult to access the funding they need from traditional lenders. The Company's VCTs seek to meet that demand and focus on providing secured loans to well-run companies. In particular, it is seeing many established businesses which have substantial assets or predictable revenue streams, over which a first charge can be taken, thereby reducing the risks usually associated with venture capital investing. Puma's VCTs are each limited-life vehicles, aiming to distribute the initial capital and returns to their investors after five years.

Since 2005 over £140 million has been raised for Puma VCTs, and more than £70 million has been distributed back to shareholders.

Puma's market-leading VCT track record is reflected in the fact that the early Puma VCTs were the first limited-life VCTs to have reached the milestone of returning 100p per share in cash distributions to shareholders and Puma VCTs 1 to 4 have each produced the highest total return of their respective peer groups.

Puma VCT V recently passed its five year period and is the process of completing the return of capital to its shareholders. It has already paid out 80p per share, compared with an original net cost of investment for a higher rate taxpayer of 70p per share, and is on course to return a further 26p per share in cash to shareholders, which would make it the most successful limited-life VCT to date, significantly beating the Group's limited life VCT record.

Puma High Income VCT (launched in 2010), Puma VCT 7 (launched in 2011) and Puma VCT 8 (launched in 2012) have all started well and have paid out dividends to date of 28p, 15p and 10p respectively.

Puma VCT 9 closed during the period, raising over £28.1 million, making it the largest single company VCT fundraise in the 2012/13 tax year and accounting for over 10% of the total funds raised in the VCT market in that year (excluding enhanced share buy-backs). The Company considers this fundraising to be a considerable achievement and an endorsement of Puma's standing in the VCT sector.

Puma VCT 10 is currently open for subscriptions and hopes to capitalise on the investment team's excellent track record. It has received strong support, having already raised over £10 million with the key sales period over the next three weeks. It has already been highly rated by leading commentators and included on the recommended panels of many leading private banks, wealth managers and independent financial advisers. For the second year running, Puma was the only investment house offering a limited life VCT to be shortlisted for the "VCT House of the Year" at the Unquote British Private Equity Awards.

Puma Heritage plc
Puma Heritage was launched in June 2013 to operate in a range of sectors, with a primary focus on secured lending. Puma Heritage focuses on capital preservation, whilst seeking to produce regular returns for shareholders intended to counter long-term inflationary pressures. It is anticipated that Puma Heritage will expand into other activities as opportunities arise. In particular, the Board of Puma Heritage envisages that it will offer asset leasing services, as well as, in the medium to long term, purchasing and operating profitable trading businesses with asset-backing and established management teams. An investment in Puma Heritage is intended to benefit from 100% relief from Inheritance Tax after two years. Puma Investments has been appointed as the trading adviser to Puma Heritage to advise the company in executing its business strategy.

During the period, the Group advised Heritage Square Limited, a wholly-owned subsidiary of Puma Heritage plc, in the completion of its first transaction, participating in a £5 million loan facility to Citrus PX, which operates a property part exchange service, facilitating the rapid purchase of properties for developers and homeowners. The investment team continues to assist the business in helping the company to source and analyse property investment and development loans, as well as secured lending to SMEs.

Puma EIS
Puma Investments has launched a portfolio service offering investors the opportunity to invest in asset-backed EIS qualifying companies utilising the team's strong track record and experience in asset-backed investing gained over the life of the first nine Puma VCTs. The Group is excited about the prospects for its Puma EIS, based on the demand for EIS investments which can provide downside protection through asset-backing.

Principal Finance

Investment in German Telecoms Business

DBD holds radio spectrum licences in Germany in the 3.5 GHz range, a band established by regulators, equipment manufacturers and operators as a frequency for 4G services, for which it is increasingly being deployed around the world. UK Broadband in the UK and Softbank in Japan, (one of Japan’s leading mobile operators) have announced plans to launch 4G mobile services using the 3.5GHz band in their respective countries. There are currently some 15 consumer devices which operate at this frequency and the first smart phone supporting the frequency was unveiled at the Mobile World Congress in Barcelona last month.

The German mobile market is the largest in Europe, with approximately 115 million subscribers recorded in 2012, generating the largest sector revenues in Europe. As in other European mobile markets, the deployment of 4G in Germany continues to drive revenue growth as subscribers demand greater levels of data capacity. DBD's spectrum is ideally placed to provide mobile operators in Germany with additional data capacity for smart phones, tablet devices and mobile computing.

Spectrum Investments Limited (in which Shore Capital holds its interest) acquired its original holding in DBD in March 2011. The other two companies holding 3.5 GHz licences in Germany were acquired in 2012 by E-Plus, the fourth largest mobile operator in Germany. In early 2013, Spectrum raised a further €3.3 million in new equity from its investors, including Shore Capital (€2.13 million), to fund its acquisition of further loan stock and equity in DBD. As a result Spectrum now holds, directly and indirectly, substantially all of the economic interest in DBD; Shore Capital holds 59.26% of Spectrum.

As was anticipated at the time of the original acquisition, DBD has closed its WiMax based consumer business. Consequently, ongoing basic operating costs have been reduced to approximately £0.5 million per year. In addition, DBD has sold both tangible and intangible assets of the WiMax business and is in the process of completing further sales.

In the year the loss arising from this investment was £0.2 million (2012: loss of £1.2 million). The loss for the year is net of a credit in respect of the release of historic provisions for potential liabilities within DBD, which are no longer required.

The Group remains confident that this asset can lead to a profitable realisation.

Current Trading and Prospects

Shore Capital has continued to perform strongly, growing revenues and more than doubling profits. The Group’s businesses have seen increased confidence returning to its markets as entrepreneurial management teams running businesses at all stages of development look to raise growth capital.

Based on the strong trading across the Group and its pipeline, the Board looks to the future with confidence.

Howard P Shore
Executive Chairman
17 March 2014

Unaudited Consolidated Income Statement
For the year ended 31 December 2013

	Total	Total
	2013	2012
	£'000	£'000
Revenue	**35,765**	32,821
Administrative expenditure	**(30,364)**	(29,973)
Operating profit	**5,401**	2,848
Interest income	**330**	314
Finance costs	**(322)**	(635)
	8	(321)
Profit before taxation	**5,409**	2,527
Taxation	**(1,100)**	(494)
Retained profit for the year	**4,309**	**2,033**
Attributable to:		
Equity holders of the parent	**3,398**	1,987
Non controlling interests	**911**	46
	4,309	2,033
Earnings per share		
Basic	**14.1p**	8.2p*
Diluted	**13.9p**	8.2p*

***** adjusted to reflect the share reorganisation that took place in December 2013

Unaudited Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	Total	Total
	2013	2012
	£'000	£'000
Retained profit after tax for the year	**4,309**	2,033
Items that will not be reclassified subsequently to profit and loss		
Gains on revaluation of available-for-sale investments taken to equity	**151**	-
Gains on cash flow hedges	**302**	68
Income tax thereon	**(105)**	(17)
	197	51
Exchange difference on translation of foreign operations	**(18)**	(62)
Other comprehensive income/ (loss) for the year, net of tax	**179**	(11)
Total comprehensive income for the year, net of tax	**4,639**	2,022
Attributable to:		
Equity holders of the parent	**3,805**	1,971
Non controlling interests	**834**	51
	4,639	2,022
Comprehensive earnings per share		
Basic	**15.7p**	8.2p*
Diluted	**15.5p**	8.1p*

***** adjusted to reflect the share reorganisation that took place in December 2013

Unaudited Consolidated Statement of Financial Position
As at 31 December 2013

	2013	2012
	£'000	£'000
Non-current assets		
Goodwill	**381**	381
Intangible assets	**4,025**	4,055
Property, plant & equipment	**10,897**	11,669
Available-for-sale investments	**4,598**	4,105
	19,901	20,210
Current assets		
Bull positions and other holdings at fair value	**4,557**	4,058
Available-for-sale investments	**16**	16
Trade and other receivables	**65,217**	65,819
Tax assets	**-**	99
Cash and cash equivalents	**41,395**	30,443
	111,185	100,435
Total assets	**131,086**	120,645
Current liabilities		
Bear positions	**(1,033)**	(1,395)
Trade and other payables	**(50,445)**	(41,146)
Derivatives	**(186)**	(573)
Tax liabilities	**(898)**	-
Borrowings	**(321)**	(327)
	(52,883)	(43,441)
Non-current liabilities		
Borrowings	**(8,892)**	(10,549)
Deferred tax liability	**(18)**	(224)
Provision for liabilities and charges	**(331)**	(44)
	(9,241)	(10,817)
Total liabilities	**(62,124)**	(54,258)
Net assets	**68,962**	66,387
Capital and reserves		
Called up share capital	**-**	-
Share premium	**336**	336
Merger reserve	**27,198**	27,198
Other reserves	**2,014**	1,282
Retained earnings	**31,706**	30,954
Equity attributable to equity holders of the parent	**61,254**	59,770
Non controlling interest	**7,708**	6,617
Total equity	**68,962**	66,387

Unaudited Consolidated Statement of Changes in Equity
For the year ended 31 December 2013

	Share capital	Share Premium account	Merger reserve	Other Reserves	Retained earnings	Non controlling interest	Total
	£’000	**£’000**	**£’000**	**£’000**	**£’000**	**£’000**	**£’000**
At 1 January 2012	-	336	27,198	1,187	29,867	6,841	65,429
Retained profit for the year	-	-	-	-	1,987	46	2,033
Credit in relation to share based payments	-	-	-	54	-	-	54
Foreign currency translation	-	-	-	-	(58)	(4)	(62)
Valuation change on cash flow hedge	-	-	-	55	-	13	68
Tax on cash flow hedge	-	-	-	(14)	-	(3)	(17)
Equity dividends paid	-	-	-	-	(604)	-	(604)
Dividends paid to non controlling interests	-	-	-	-	(238)	(528)	(766)
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	-	-	-	-	-	252	252
At 31 December 2012	-	336	27,198	1,282	30,954	6,617	66,387

Unaudited Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2013

	Share capital	Share Premium account	Merger reserve	Other Reserves	Retained earnings	Non controlling interest	Total
At 1 January 2013	-	336	27,198	1,282	30,954	6,617	66,387
Retained profit for the year	-	-	-	-	3,398	911	4,309
Revaluation of available for sale investments	-	-	-	151	-	-	151
Increase in deferred tax asset recognised directly in equity	-	-	-	423	-	-	423
Foreign currency translation	-	-	-	-	98	(116)	(18)
Valuation change on cash flow hedge	-	-	-	242	-	60	302
Tax on cash flow hedge	-	-	-	(84)	-	(21)	(105)
Equity dividends paid	-	-	-	-	(2,175)	-	(2,175)
Dividends paid to non controlling interests	-	-	-	-	(239)	(753)	(992)
Adjustment arising from change in non controlling interest in Spectrum/DBD	-	-	-	-	(330)	792	462
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	-	-	-	-	-	218	218
At 31 December 2013	-	336	27,198	2,014	31,706	7,708	68,962

Unaudited Consolidated Cash Flow Statement
For the year ended 31 December 2013

	2013	2012
	£'000	£'000
Cash flows from operating activities		
Operating profit	**5,401**	2,848
Adjustments for:		
Depreciation charges	**956**	871
Amortisation charges	**146**	243
Share-based payment expense	**-**	54
Other (Gains)/losses on AFS investments	**(309)**	871
Increase in provision for National Insurance on options	**287**	8
Operating cash flows before movements in working capital	**6,481**	4,895
Decrease/(increase) in trade and other receivables	**602**	(23,138)
Increase in trade and other payables	**9,214**	16,160
(Decrease)/increase in bear positions	**(362)**	609
(Increase)/decrease in bull positions	**(499)**	2,990
Cash generated by operations	**15,436**	1,516
Interest paid	**(322)**	(635)
Corporation tax credited/(paid)	**9**	(35)
Net cash generated by operating activities	**15,123**	846
Cash flows from investing activities		
Purchase of fixed assets	**(340)**	(614)
Acquisition of further holding in DBD	**(1,731)**	-
Purchase of additional intangible assets	**-**	(190)
Purchase of AFS investments	**(146)**	(82)
Sale of AFS investments	**113**	51
Interest received	**330**	314
Net cash utilised by investing activities	**(1,774)**	(521)
Cash flows from financing activities		
Investment by non controlling interest in subsidiaries other than DBD/Spectrum	**218**	252
Shares/participations issued in subsidiaries to non controlling interests	**1,004**	-
Decrease in borrowings	**(321)**	(16,079)
Dividends paid to Equity shareholders	**(2,175)**	(604)
Dividends paid to Non Controlling Interests	**(992)**	(766)
Net cash utilised by financing activities	**(2,266)**	(17,197)
Net increase/(decrease) in cash and cash equivalents	**11,083**	(16,872)
Effects of exchange rate changes	**(131)**	10
Cash and cash equivalents at the beginning of the year	**30,443**	47,305
Cash and cash equivalents at the end of the year	**41,395**	30,443

Notes

1. Financial information

Basis of preparation
The annual financial statements of Shore Capital Group Limited (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("Adopted IFRS").

Presentation of the financial statements and financial information
The financial information set out in the announcement does not constitute the Company's statutory accounts for the year ended 31 December 2013 within the meaning of section 244 of the Companies (Guernsey) Law, 2008.

The financial information for the year ended 31 December 2012 is derived from the statutory accounts of the Company for that year. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 263(2) or (3) of the Companies (Guernsey) Law, 2008. Those accounts were prepared under Adopted IFRS and have been reported on by the Company's auditors and delivered to the Guernsey registry office.

The audit of the statutory accounts of Shore Capital Group Limited for the year ended 31 December 2013 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

The statutory accounts will be prepared in accordance with IFRS as adopted by the European Union. Details of the accounting policies that will be applied in the statutory accounts are set out in the 2012 Annual Report and Accounts of the Company.

A copy of this statement is available on the Company's website at www.shorecap.gg.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The financial statements are rounded to the nearest thousand except where otherwise indicated.

Adoption of new and revised standards

Standards in issue and effective as of 1 January 2013

At the date of authorisation of these financial statements, the following Standards and Interpretations had been applied in the current year financial statements as from 1 January 2013:

IFRS 13 Fair Value Measurement.

Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Annual Improvements to:

IFRS 7 (amended)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements.
IFRS 11	Joint Arrangements.
IFRS 12	Disclosure of Interest in Other Entities.
IAS 19	Employee Benefits
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments; and
- IFRS 12 will impact the disclosure of interests the Group has in other entities..

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2. Segmental Information

For management purposes, the Group is organised into business units based on their services, and has five reportable operating segments as follows:

- Equity Capital Markets provides research in selected sectors, broking for institutional and professional clients, market-making in AIM and small cap stocks and corporate finance for mid and small cap companies.
- Asset Management provides advisory services, and manages specialist funds invested in alternative asset classes.
- Central Costs comprises the costs of the Group's central management team and structure
- Balance Sheet / Principal Finance comprises investments and other holdings acquired, together with principal finance activities conducted using our own balance sheet resources.
- Spectrum / DBD comprises the Group's investment in a German based telecoms business

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated based on operating profit or loss. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Year ended 31 December 2013	**Equity Capital Markets**	**Asset Management**	**Central costs**	**Balance Sheet and Principal Finance**	**Spectrum/DBD**	**Consolidated**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**25,796**	**7,334**	**-**	**1,682**	**953**	**35,765**
Results						
Depreciation	**268**	**112**	**58**	**518**	**-**	**956**
Interest expense	**28**	**-**	**2**	**292**	**-**	**322**
Profit/(loss) before tax	**6,037**	**2,005**	**(2,037)**	**(359)**	**(237)**	**5,409**
Assets	**79,501**	**4,374**	**2,175**	**39,715**	**5,321**	**131,086**
Liabilities	**(51,451)**	**(1,035)**	**33,020**	**(41,673)**	**(985)**	**(62,124)**

No material amounts of revenue or profit before tax were generated outside Europe.

Year ended 31 December 2012	Equity Capital Markets	Asset Management	Central costs	Balance Sheet and Principal Finance	Spectrum/DBD	Consolidated
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**22,653**	**6,331**	**10**	**1,646**	**2,181**	**32,821**
Results						
Depreciation	**157**	**153**	**50**	**511**	**-**	**871**
Interest expense	**72**	**-**	**11**	**552**	**-**	**635**
Profit/(loss) before tax	**5,056**	**955**	**(2,018)**	**(303)**	**(1,163)**	**2,527**
Assets	**63,792**	**3,830**	**1,179**	**46,314**	**5,530**	**120,645**
Liabilities	**(37,965)**	**(1,184)**	**(966)**	**(10,875)**	**(3,268)**	**(54,258)**

No material amounts of revenue or profit before tax were generated outside Europe.

3. Rates of Dividends Paid and Proposed

	2012 £'000	2012 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2012 of 5.0p* per share (2011 final dividend: 2.5p*)	**1,208**	604
Interim dividend for the year ended 31 December 2013 of 4.0p* per share (2012: nil)	**967**	-
	2,175	604
Proposed final dividend for the year ended 31 December 2013 of 4.0p per share (2012: final dividend of 5.0p*)	**967**	

* adjusted to reflect the share reorganisation that took place in December 2013

4. Earnings per Share

The earnings and number of shares in issue or to be issued used in calculating the earnings per share and diluted earnings per share in accordance with IAS 33 were as follows:

	2013		2012*	
	Basic	**Diluted**	Basic	Diluted
Earnings (£)	**3,398,000**	**3,398,000**	1,987,000	1,987,000
Number of shares	**24,164,000**	**24,526,304**	24,163,960	24,336,101
Earnings per share (p)	**14.1**	**13.9**	8.2	8.2
Comprehensive earnings (£)	**3,805,000**	**3,805,000**	1,971,000	1,971,000
Number of shares	**24,164,000**	**24,526,304**	24,163,960	24,336,101
Earnings per share (p)	**15.7**	**15.5**	8.2	8.1

Calculation of number of shares	**2013**		2012*	
	Basic	**Diluted**	Basic	Diluted
Weighted average number of shares	**24,164,000**	**24,164,000**	24,163,960	24,163,960
Dilutive effect of share option schemes	**-**	**362,304**	-	172,141
	24,164,000	**24,526,304**	24,163,960	24,336,101

As at 31 December 2013 there were 24,164,000 ordinary shares in issue (2012: 24,163,960*).

* the weighted average number of shares in issue and EPS for the year ended 31 December 2012 have been adjusted to reflect the share reorganisation that took place in December 2013

A copy of this announcement is available on the Company's website at www.shorecap.gg. The annual report & accounts will be sent to shareholders in due course and will also be available on the Company's website from the date of posting.